

"The mission of the Louisiana Department of Revenue is to administer applicable laws and collect revenues to fund state services."

Cynthia Bridges
Secretary

2006 Regular Legislative Session Summaries

Administrative

Act 452 (SB 190) amends R.S. 47:114(F)(2) and 1520(A) and (C) to authorize the secretary to require certain employers, taxpayers, and tax preparers to file returns and receipts electronically under certain circumstances and to require that the electronic filing requirements be implemented by administrative rule in accordance with the Administrative Procedure Act. Effective June 16, 2006.

Alcohol and Tobacco

Act 108 (SB 142) amends R.S. 26:901(16) and 909, R.S. 47:843(C)(5), 844, 848(B), and 859(A)(1) and enacts R.S. 26:907.1 and 916(H), to provide that a wholesale dealer of tobacco also includes a bona fide tobacconist engaged in receiving bulk smoking tobacco for the purpose of blending the tobacco for retail sale at a retail outlet where 50 percent or more of the total purchases for the preceding 12 months were purchases of tobacco products, excluding cigarettes. Requires the commissioner of the Office of Alcohol and Tobacco Control to suspend or revoke any permit of any dealer that fails to pay taxes due to the state. The amount of stamps which may be purchased is increased to 100 percent of the amount of the bond. The

Act deletes the provisions prohibiting any dealer purchasing stamps on credit from qualifying for a bond waiver. Effective July 1, 2006.

Collection

Act 34 (HB 396) amends R.S. 47:1562(A), 1563, and 1564 to increase the time the taxpayer has to protest proposed assessment from 15 to 30 days. Effective May 12, 2006.

Act 77 (HB 394) amends R.S. 47:1602(A)(2) to provide that penalties for late payment of certain taxes are not due if at least 90 percent of total tax due on return is paid on or before due date of return and extensions are to be taken into consideration when determining whether payments are delinquent. Effective January 1, 2006.

Act 153 (HB 203) enacts R.S. 12:1601 through 1606 to authorize any domestic limited liability company, business corporation, partnership in commendam, or partnership to convert to another type of domestic business entity by submitting a conversion application to the secretary of state; to provide that if the tax classification is different for the converting and converted entities, tax liabilities for the

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This issue of the Louisiana Tax Topics contains summaries of selected major tax laws amended or enacted during the 2006 Regular Session of the Louisiana Legislature. The summary information presented is only intended to provide a general description of the law's major provisions and should not be construed to represent a complete analysis or specific interpretation of the law.

A complete listing of the legislation enacted in 2006 may be obtained from the Department's web page on the Internet at www.revenue.louisiana.gov, or by contacting the Policy Services Division at: P.O. Box 44098, Baton Rouge, LA 70804-4098, Fax (225) 219-2776.

Copies of particular acts may be obtained from the Office of the Secretary of State at (225) 342-2085.

converting entity will be calculated based on the method prescribed by current law for the converting entity's tax classification and will be a liability of the converted entity; and to provide that short period tax returns must be filed for the converting entity if the converted entity's tax classification is different from the converting entity's classification. Effective June 2, 2006.

Act 180 (HB 449) amends R.S. 47:1601(A)(2) to provide that the interest rate on final and nonappealable tax obligations will be the same as the interest rate on tax obligations that are not final and nonappealable. Effective January 1, 2007.

Inheritance

Act 314 (SB 35) amends Code of Civil Procedure Article 3061 to authorize the court to render and immediately sign a judgment of possession, if it finds from examination of the petition for possession and from the record of the proceeding that the inheritance taxes due have been paid or deposited into the registry of the court or that no taxes are due and that an inheritance tax return, when required, has been filed with the Department of Revenue. Effective August 15, 2006.

Legal

Act 119 (SB 388) enacts R.S. 47:1576.1 to require written settlements offers on matters in litigation to be submitted to the secretary of the Department of Revenue, who is required to respond with a written acceptance, rejection or counteroffer within three months of the date the settlement offer is received. If the secretary fails to respond within the three month timeframe, the secretary's conduct constitutes unreasonable delay by the department within the meaning of R.S. 47:1601(A)(2)(d) and interest is abated from the date the offer was received through the date a written response is provided to the taxpayer. Effective June 2, 2006.

Sales Tax

Act 41 (HB 1128) amends R.S. 47:301(16)(f) to provide that pharmaceuticals administered to livestock used for agricultural purposes and not included in the term tangible personal property shall be registered with the Department of Agriculture and Forestry. Legend drugs administered to livestock for agricultural purposes are not required to be registered, but those drugs that are not registered will be considered tangible personal property. Effective August 15, 2006.

Act 457 (SB 354) amends R.S. 47:306(E) and 337.18(D) to provide that the submission of state and local sales taxes by a licensed vehicle dealer may be extended for a period not to exceed 90 days, by approval from the secretary if good cause is shown. Current law requires licensed vehicle dealers who sell a vehicle at retail to remit all taxes collected no later than 40 days from the date of sale. Effective June 15, 2006.

Income Tax

Act 170 (HB 352) amends R.S. 12:142.1 (A) to provide for dissolution of a corporation by filing an affidavit with the Secretary of State if the corporation is not doing business, owes no debts, and owns no immovable property. Effective August 15, 2006.

Act 702 (HB 578) enacts R.S. 47:1520.1 to require taxpayers filing for a state individual income tax refund through the Federal/State E-file Program to direct deposit the state tax refund if the federal tax refund is directly deposited. This provision does not apply if the taxpayer does not have a personal checking account. Effective for tax years beginning on or after January 1, 2006.

Act 765 (HB 594) retroactively amends Civil Code Article 466, relative to component parts of immovable property. The term "immovable" is replaced with the term "building or other construction." It also provides that other things are considered to be permanently attached to a building or other construction if they cannot be removed without substantial damage to themselves or to the building or other construction or if, according to prevailing societal expectations, they are considered to be component parts of its component parts. Effective June 29, 2005.

Severance Tax

Act 38 (HB 569) amends R.S. 47:633(7)(b) and (c)(i)(aa) to change due date for reduced severance tax rate certifications on incapable and stripper wells from the 15th day to the 25th day of the second month following the month of production. Effective July 1, 2006.

Tax Seminars

Sales Tax Topics Workshops

The following Regional Offices of the Louisiana Department of Revenue will be hosting Beginner's Workshops covering general basic sales tax topics.

Baton Rouge Regional Office

When: (10:00 a.m.) . October 13, 2006

Where: 1st Floor Auditorium . 8549 United Plaza Blvd. Baton Rouge, LA

Info: Contact Kent LaPlace at: (225) 922-2300

Lafayette Regional Office

When: (2:00 p.m.) . October 13, 2006

Where: 825 Kaliste Saloom Rd.
Brandywine III, Suite 150 . Lafayette, LA

Info: Contact Romona Bergeron at: (337) 262-5454

Tax Seminar for Preparers

Presented by:

*The Internal Revenue Service, LA Small
Business Development Center, Lafayette
and Lake Charles*

When: Wed., Oct. 11, 2006

Where: Holiday Inn, Jennings, LA

Time: Registration at 8:30am; Seminar
from 9:30am–3:00pm

Cost: \$15.00 (Includes Morning Coffee
and Lunch)

Topics include:

- E-file update (IRS and LA Department of Revenue)
- Electronic Services
- Social Security-Wage Reporting
- Go Zone Update
- Revenue Procedure 2006-32

2006 Federal/State Louisiana E-interactions Seminars

The Louisiana Department of Revenue along with the Internal Revenue Service (IRS) is hosting the 2006 Federal/State Louisiana e-Interactions Seminars. Registration starts at 7:30 a.m. and Seminars will begin at 8:30 a.m. and end at 12:30 p.m.

The half-day seminars are for the seasoned Electronic Return Originators and tax professionals who are gearing up for the 2007 filing season. The seminars will cover the latest updates in the e-filing program: form changes, updates and revisions; how to navigate and utilize e-services; Representatives from the Department of Revenue will be on hand with their e-file initiative update and Social Security Administration will be available to discuss electronic wage reporting updates and changes.

The e-Interactions Seminars will take place at the following locations:

Baton Rouge

Broadwing Building
8549 United Plaza Blvd.
First Floor Auditorium
Tuesday, October 31, 2006

New Orleans

University of New Orleans
Mathematics Building-Room 102
Lakefront Campus
Wednesday, November 1, 2006

Shreveport

LSUS – University Center Ballroom
1 University Place
Fee: (Payable at the door only)
(Includes coffee, bottled water and
light refreshments)
Wednesday, November 8, 2006

State Taxes Are Due on Imported Items from Out of State Vendors

The Louisiana Department of Revenue (LDR) continues its campaign to inform Louisiana taxpayers that state use tax and excise tax is due on imported tangible personal property purchased from out of state vendors. The Department has released public information commercials and press releases that have addressed the individual consumer's responsibility of remitting consumer use tax and consumer excise tax on imported items.

There are several projects being worked by LDR to address the non-compliance in this area. Some of these ongoing projects where LDR has notified taxpayers that taxes are owed are as follows: 1) purchases of cigarettes from unregistered internet vendors, 2) purchases of cigars from out of state vendors, 3) the importation of tangible personal property through US Customs, and 4) purchases of furniture from out of state manufacturers. Current and future consumer use tax audits are based on information obtained from third parties detailing purchases from internet vendors, catalog sales and other businesses.

LDR's Communications Director Byron Arthur issued a press release in April, 2006, bringing attention to LDR's ongoing campaign to enforce Louisiana's Consumer Use and Excise Tax Laws. The press release contained the statement: "Stressing the importance of tracking these purchases" Virginia Burton, Director of LDR Office Audit said, "The purchase of tobacco from out of state vendors with intention to bypass Louisiana's tobacco tax can harm or otherwise negatively impact Louisiana retailers and wholesalers and this simply will not be tolerated. However, it is often the case that individual consumers are unaware that Louisiana, no differently than other states in the nation, protects its local retailers through a consumer use and associated excise taxes on out of state purchases of products intended for use within our state."

LDR's recently formed Discovery Unit that is part of the Office Audit Division has as its mission to address the areas of large scale noncompliance with the State's tax laws and regulations. To date, the division has issued consumer use and excise tax notices totaling in excess of \$1.4 million dollars. It has collected in excess of \$690, 000. Additional tax notices will be forth coming from current projects.

These notices represent a combined taxpayer obligation of over 1.4 million dollars that would otherwise have been collected through consumers patronizing in-state retailers. Audits and tax notices are planned for businesses and individuals that have and are currently receiving large shipments of untaxed tangible personal property. Records of purchases being tracked extend back to the year 2003.

The forms to remit payment of Consumer Use and Excise taxes due LDR for out of state purchases can be found by visiting the LDR website at www.revenue.louisiana.gov/sections/taxforms. Under the individual or business category, select the excise and sales tax options to retrieve forms R-1035 (Consumer Use) and R-5629 (Excise Sales Tax).

LDR will continue to notify businesses and consumers of revenue obligations associated with untaxed out of state purchases of tangible personal property.

Tax Topics is a quarterly publication of the Louisiana Department of Revenue. Information contained herein is of a general nature; taxpayers requiring information concerning a specific tax matter should contact the appropriate tax office. Subscription information may be obtained from the Communications Section at the address below, or by calling (225) 219-2760.

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